

DOCKET SECTION

LabOne, et al. T-3

**BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268**

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Postal Rate and Fee Changes, 1997

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Docket No. R97-1

DIRECT TESTIMONY

OF

**TOM RASTOK
Director of Logistics
LabOne, Inc.**

ON BEHALF OF

**LabOne, Inc.
Osborn Laboratories, Inc.
Clinical Reference Laboratory, Inc.**

Communications with respect to this document may be sent to:

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Osborn Laboratories, Inc.,

Clinical Reference Laboratory, Inc.

Due Date: February 20, 1998

1 DIRECT TESTIMONY

2 OF

3 TOM RASTOK

4 My name is Tom Rastok and the following testimony is given in opposition to
5 the United States Postal Service ("USPS") proposal to assess a 50 cent per piece
6 surcharge on Hazardous Medical Materials ("HMM"). The surcharge would adversely
7 affect our costs for mailing clinical specimen collection kits used for insurance risk
8 assessment testing. I am the Director of Logistics for LabOne and have been with the
9 Company for about eight years. The majority of my responsibilities with LabOne have
10 involved specimen transportation. Our main focus in this area is the timely delivery of
11 the specimens along with maintaining the integrity of the sample. LabOne is
12 headquartered at 10310 West 84th Terrace, Lenexa, Kansas.

13 Our core business is serving the insurance industry which accounts for the
14 majority of our USPS packages. LabOne, Osborn Laboratories and Clinic Reference
15 Laboratory do most of the risk assessment testing services for the life insurance
16 industry. Generally speaking, risk assessment testing consists of the chemical or
17 biological analysis of blood, urine or oral fluid samples taken from a life insurance
18 applicant. In a typical situation, an applicant for life insurance completes an application
19 and the insurance company in turn requires that the applicant submit blood, urine or
20 oral fluid specimens for testing as a condition to the issuance of its policy. Normally a
21 paramedical examiner is dispatched by the insurance company to the applicant's home
22 or workplace to obtain the specimens. The specimens are contained in USPS approved

1 specimen collection kits and are sent via the United States Postal Service, or by private
2 contractors, to LabOne's laboratory in Kansas.

3 Focusing on maintaining the integrity of the specimens, we submit all packaging
4 to the USPS for approval after we have tested the packaging and are satisfied that it will
5 transport safely and intact. The USPS reviews the packaging, and after approval in
6 writing, we place our packaging into production.

7 We supply our kits to the clients with a preprinted Business Reply Mailer
8 (BRM). These kits are returned to us via BRM. The postal service handles these as
9 bulk rate mail while charging our lab first class mail plus the BRM fee. Our packages
10 are bulk weighed and picked up at the post office by a LabOne driver.

11 The Postal Service has been automating the USPS operations. As a result of
12 this automation and the USPS inability to cull out all of our pre-approved packages, the
13 Postal Service has destroyed some of our packages. To aid the Postal Service with this
14 issue, we discussed options to eliminate this problem. The final resolution was a
15 different size outer package, increasing the ability of the postal worker to better identify
16 our kits. We scrapped our current approved packaging in favor of the new approved
17 version at our laboratory's expense.


18 We currently track both secondary leakage (leakage that appears on the outside
19 of the package) and primary leakage (leakage contained between the primary and
20 secondary leak proof container) upon receipt. Set-up personnel enter primary leakage
21 data through a Kit Content inventory touch screen. To the best of my knowledge, there
22 have NOT been any kit packages that arrived at our laboratory with visible outer
23 leakage or secondary leakage since introducing new packaging in 1993.

1 LabOne traditionally uses Airborne and Fedex for a great number of our
2 specimen transportation that require faster delivery and tracking. Since specimens are
3 not known to be infectious and are used for insurance risk assessment, we are not
4 charged any additional rates (i.e., surcharges). These packages require no extra
5 handling.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the instant document on all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.

Date: February 20, 1998.



R. Dennis Wright